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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	Chapter 11
	:	
SEARS HOLDINGS CORPORATION, <i>et al.</i> ,	:	Case No. 18-23538 (RDD)
	:	
Debtors. ¹	:	(Jointly Administered)
	:	
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**STIPULATION, AGREEMENT, AND ORDER
BETWEEN DEBTORS AND LANDLORD EXTENDING TIME
TO ASSUME OR REJECT NONRESIDENTIAL REAL PROPERTY LEASE**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR – Rover de Puerto Rico, LLC (f/k/a Sears, Roebuck de Puerto Rico, Inc.) (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

This stipulation, agreement, and order (the “**Stipulation, Agreement, and Order**”) is entered into by and between Kmart Corporation (“**Kmart**”), as debtor and debtor-in-possession in the above captioned chapter 11 cases, and 7200 Arlington Associates LLC (the “**Landlord**”). Kmart and Landlord collectively are referred to in this Stipulation, Agreement, and Order as the “**Parties**,” and, each, as a “**Party**.” The Parties hereby stipulate and agree as follows:

RECITALS

A. Beginning on October 15, 2018 (the “**Commencement Date**”), Sears Holdings Corporation and its debtor affiliates, as debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”) commenced voluntary cases under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”). The Debtors are authorized to continue to operate their business and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. As of the Commencement Date, Kmart was the lessee under that certain unexpired nonresidential real property lease, dated October 16, 1972 (together with any amendments, modifications, renewals and guaranties, the “**Lease**”), for the premises located at 7200 Arlington Ave, Riverside, CA 92503. Kmart is also the sublandlord under (i) that certain unexpired nonresidential real property ground lease, dated May 29, 1986 (together with any amendments, modifications, renewals and guaranties), for the premises located at 6221 Van Buren Blvd, Riverside, CA 92503 (the “**Ground Lease**”); and (ii) that certain unexpired nonresidential real property sublease by and between Kmart and Riverside’s Complete Automotive Repair, Inc., dated September 21, 2010 (together with any amendments, modifications, renewals and guarantees, the “**Sublease**” and, together with the Lease and the Ground Lease, the “**Riverside Leases**”).

C. By order dated November 16, 2018, pursuant to section 365(d)(4) of the Bankruptcy Code, the Bankruptcy Court extended the period within which the Debtors may assume or reject unexpired leases of nonresidential real property through and including the earlier of (a) May 13, 2019 and (b) the date of the entry of an order by the Bankruptcy Court confirming a chapter 11 plan (the “**Assumption/Rejection Period**”) (ECF No. 776).

D. On April 26, 2019, the Debtors filed the *Debtors’ Motion for Authority to Assume Unexpired Leases of Nonresidential Real Property* (ECF No. 3376) (the “**Riverside Motion to Assume**”), whereby the Riverside Leases were identified for assumption by the Debtors pursuant to section 365 of the Bankruptcy Code.

E. On May 3, 2019, the Landlord filed its *Objection of 7200 Arlington Associates LLC to the Debtors’ Motion for Authority to Assume Unexpired Leases of Nonresidential Real Property* (ECF No. 3595).

F. The Parties desire additional time to negotiate regarding the terms for assumption and/or assumption and assignment of the Riverside Leases.

G. Pursuant to section 365(d)(4)(B)(ii) of the Bankruptcy Code, the Parties hereby agree to a further extension of the Assumption/Rejection Period for the Lease.

NOW, THEREFORE, UPON THE FOREGOING RECITALS, WHICH ARE INCORPORATED AS THOUGH FULLY SET FORTH HEREIN, IT IS HEREBY STIPULATED AND AGREED, BY AND BETWEEN THE PARTIES, THROUGH THEIR RESPECTIVE UNDERSIGNED COUNSEL AND, UPON COURT APPROVAL HEREOF, IT IS ORDERED THAT:

1. Pursuant to section 365(d)(4)(B)(ii) of the Bankruptcy Code, the time period within which Kmart may assume or reject the Lease is extended through and including the earlier of (a) May 31, 2019 and (b) the date of the entry of an order confirming a chapter 11 plan for the Debtors (the “**Extended Deadline**”).

2. The Parties acknowledge and agree that this Stipulation, Agreement, and Order constitutes the “prior written consent of the lessor,” as required by section 365(d)(4)(B)(ii) of the Bankruptcy Code, to the Extended Deadline.

3. Nothing contained in this Stipulation, Agreement, and Order or any actions taken by the Debtors pursuant to relief granted herein is intended or should be construed as: (a) an admission as to the validity or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors’ rights to dispute any particular claim on any grounds; (c) a waiver or limitation of the Debtors’ rights under the Bankruptcy Code or any other applicable law, including the Debtors’ right to assume, reject, or seek any other related relief with respect to any contract or lease; or (d) an alteration, amendment, or other modification of the terms of the Lease.

4. Each person who executes this Stipulation, Agreement, and Order on behalf of a Party hereto represents that he or she is duly authorized to execute this Stipulation, Agreement, and Order on behalf of such Party.

5. This Stipulation, Agreement, and Order may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

6. This Stipulation, Agreement, and Order is subject to approval of the Bankruptcy Court, but shall be effective as of the date it is executed by the Parties.

7. This Stipulation, Agreement, and Order may not be amended or modified without the written consent of the Parties.

8. This Stipulation, Agreement, and Order and all of the provisions hereof shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors and assigns.

9. This Stipulation, Agreement, and Order shall be governed by, and construed in accordance with, the laws of the State of New York, except to the extent that the Bankruptcy Code applies, without regard to principles of conflicts of law that would require the application of laws of another jurisdiction. The Bankruptcy Court shall retain jurisdiction to resolve any disputes or controversies arising from this Stipulation, Agreement, and Order.

Dated: May 7, 2019

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SO ORDERED:

Dated: May 10, 2019
White Plains, New York

/s/Robert D. Drain
THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE